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Realizing Host Communities' Rights Under the Petroleum Industry Act 2021: Challenges and Prospect

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Abstract

The struggle for the realization of host communities' rights in resource-rich regions has historically been fraught with severer environmental degradation, socioeconomic marginalization, and inadequate legal protections. This article examines the: transition from voluntary corporate social responsibility (CSR) models to statutory institutional frameworks -exemplified by landmark enactments like Chapter Three of the Nigerian Petroleum Industry Act (PIA) 2021. It evaluates the dual nature of these modern mechanisms, analyzing critical bottlenecks such as funding calculation disputes, governance deficits, elite capture, and punitive infrastructure deductions. Conversely, it highlights emerging prospects, including institutional predictability, participatory governance, and alternative dispute resolution (ADR). The paper concludes with targeted legislative and policy recommendations aimed at bridging the gap between statutory compliance and genuine environmental and socioeconomic justice.

Keywords: Host Communities, Petroleum Industry Act, Ecological Degradation, Environmental Enforcement, Realization, Mechanism, Constitution, Niger Delta, Nigeria

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1. Introduction

Decades of intensive petroleum extraction in Nigeria's Niger Delta have created a profound structural paradox, while the region generates the overwhelming bulk of national wealth, its indigenous populations endure systemic ecological degradation, severe environmental pollution, and chronic developmental neglect. For generations, the legal and institutional frameworks governing the oil and gas sector operated largely to the exclusion of local populations, treating them as external stakeholders rather than rights-bearing entities. The enactment of the Petroleum Industry Act (PIA) 2021 heralded a historic, comprehensive legislative attempt to restructure the governance, fiscal, and regulatory regimes of the Nigerian petroleum industry. Among its most touted innovations is Chapter 3, which establishes the Host Communities Development Trust (HCDT)[1] framework, intended to foster sustainable prosperity and bridge the chasm between extractive capital and local community welfare.

However, despite this monumental shift from corporate social responsibility voluntarism to a statutory mandate, a critical examination reveals a wide gulf between statutory text and practical enforcement. This chapter critically evaluates the multifaceted challenges impeding the realization of host communities' environmental and developmental rights under the PIA 2021, while charting viable prospects for legislative, institutional, and judicial reform.

2. Conceptual and Statutory Framework of Host Communities' Rights

To properly contextualize the rights of petroleum host communities, one must examine the intersection between fundamental constitutional rights and environmental protection. Under the Nigerian legal architecture, the primary provisions relating to environmental objectives are housed under Chapter II of the 1999 Constitution (as amended) via the Fundamental Objectives and Directive Principles of State Policy, notably Section 20, which enjoins the State to protect and improve the environment[2]. Although traditionally rendered non-justiciable due to Section 6(6)(c), modern judicial activism and regional human rights instruments most notably Article 24 of the African Charter on Human and Peoples' Rights (Ratification and Enforcement) Act have elevated the right to a clean, safe, and healthy environment to an enforceable fundamental right. The African Charter went on to state that the right to clean environment is the right to satisfactory environment[3]. This was interpreted by the African Commission in *SERAC v Federal Republic of Nigeria*[4] as imposing "clear obligations upon a government... to take reasonable and other measures to prevent pollution and ecological degradation, to promote conservation, and to secure an ecologically sustainable development and use of natural resources"[5].

The right contemplates that while a State is free to exercise its right to harness its natural resources and advance it's economy, it must exercise care and adopt reasonable measures to protect it's citizens and lands from environmental harm[6].

The right to clean environment is the mother of a number of other rights which include access to clean water and adequate sanitation, healthy and sustainable food, safe climate, healthy biodiversity and

[1]Sec. 235(1) PIA 2021

[2]Sec. 20 of the 1999 Constitution (as amended)

[3]Morne Von Der Linde, 'Considering the interpretation and implementation of article 24 of the African Charter on Human and peoples' Rights in light of the SERAC communication', AHRLJ, vol.3, 2003, p. 173-176; and E. P. Amechi, 'Enhancing Environmental Protection and Socio-economic Development in Africa: A Fresh Look at the Right to a General Satisfactory Environment under the African Charter on Human and Peoples' Rights', Law, Environment and Development Journal vol.5, num. 1, 2009, p. 63-68. <http://www.lead-journal.org/content/09058.ptf>[retrieved on 4 December 2024].

[4]*Social and Economic Rights Action Centre (SERAC) and another v Nigeria* (2001) AHRLR 60 (ACHPR 2001), pp 52-53.

[5]K.S.A, Ebeku, 'The Right to a Satisfactory Environment and the African Commission', AHRLJ vol. 3, 2020, p 149-166.

[6]S. A. Dersso, 'The Jurisprudence of the African Commission on Human and Peoples' Rights', AHRLJ. vol. 6, 2006, 371. See generally Older, J., 'The African Charter on Human and Peoples' Rights' Order in Respect of the Situation in Libya: A Watershed in the Regional Protection of Human Rights', AHRLJ vol. 11, 2011, p.495-510.

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ecosystem. According to Boyd, "clean air is one of the basic elements of the right to live in a clean, healthy and sustainable environment"[7]. The relationship between the right to clean environment and a number of other human rights informed the basis for the recognition by the United Nations that everyone has a right to live in a clean, healthy and sustainable environment and that such right is a universal human right[8]. The Human Right Council in 2021[9], and the UN General Assembly in 2022[10] also affirmed that the right to clean environment is a universal human right which is related to the enjoyment of other human rights. The right to clean environment at international law puts States under a duty, first of all, to prevent activities which are capable of causing harm to the environment and undermining the health of the people.[11]

Umukoro B. E., in his work "Petroleum Host Communities and their rights to clean environment in Nigeria: Shifting between economic interest and right to clean environment" posit that, right to clean environment "ranks beyond economic interest". It places the health and wellbeing of man above any economic advantage which the state or MNOCs may want to offer in lieu of a clean environment. Other human rights like the right to life,[12] right to the dignity of the human person,[13] right to personal liberty,[14] etc., cannot be fully realized in the absence of the right to clean environment. This, prioritising the right to clean environment includes stopping the activities of polluters in the interest of the right of those who live in the environment.

One of the major challenges of realising the right to clean environment is that, though the recognition by the UN General Assembly of the right to clean environment as a universal human right is a great development, it is merely an appeal to national governments to be guided by the Resolution. In a country like Nigeria where there is no explicit environmental right, the Resolution is not a binding instrument until enacted as domestic law[15]. This is one major reason why environmental protection laws in Nigeria are not as vibrant as those in South Africa and some other countries where the right is self-executing.

Section 20 of the 1999 Constitution provide for State's responsibility towards the environment. This section falls under Chapter 11 of the Nigerian Constitution.[16] The section provides that the State "shall protect and improve the environment and safeguard the water, air, and land, forest and wild life of Nigeria". This section would have been a potent instrument in the hand of host communities for calling on government to account for activities which violate their right to clean environment. Unfortunately, this provision falls within the bracket of Fundamental Objectives and Directive Principles of State Policy (FODPSP).[17] By section 6(6)(c) of the constitution FODPSP are Non-justiciable. This the literal

[7]United Nations Special Rapporteur, Report: Issue of human rights obligations relating to the enjoyment of a safe, clean, healthy and sustainable environment, A/HRC/40/55,8 January 2019. <Https://documents-dds-ny.un.org/doc/UNDOC/GEN/G19/002/54/PDF/G1900254.pdf- Open element> [Retrieved on 4 December 2023]. See also, United Nations Special Rapporteur on Human Rights and the Environment, Statement at the conclusion of country visit to Portugal, September 27, 2022, <https://www.ohchr.org/sites/default/files/ documents/ issues/association/2022-09-26/20220927-stm-sr-environment-en.docx>[Retrieved on December 2023].

[8]United Nations General Assembly Resolution, A/RES/76/300 UN Digital Library Record 3983329

[9]Human Rights Council, The Human Rights to a clean, Healthy and Sustainable Environment, A/HRC/RES/48/13, 18 OCTOBER 2021. <Https://undocs.org/A/HRC/RES/48/13>[Retrieved on 6 January 2024]

[10]United Nations General Assembly Resolution,A/RES/76/300 UN Digital Library Record 3983329

[11]Examples are article 38, League of Arab States,Arab Charter on Human Rights, 2004, <Https://www.refworld.org/docid/60a28b534.html>[Retrieved on 19 November 2023], article 11 of the Additional Protocol to the American Convention on Human Rights in the Area of Economic, Social and Cultural Rights ("Protocol of San Salvador"), 26 November 1999, A-52,<Https://www.refworld.org/docid/3ae6b3b90.html>[Retrieved on November 2023] and article 24 of the African Charter

[12]Section 33 of the 1999 Constitution (as amended)

[13]Section 34 of the 1999 Constitution (as amended)

[14]Section 35 of the 1999 Constitution (as amended)

[15]Section 12 of the Constitution. See also *Abacha v Fawehinmi* (2000) 6 NWLR (PT 660) p. 228 and, C.E. Okeke, and M. I. Anushiem, 'Implementation of Treaties in Nigeria: Issues, Challenges and the way Forward', Nnamdi Azikiwe University Journal of International Law and Jurisprudence vol.9, num. 2, 2010 p 216-229.<Https://www.ajol.info/index.php/naujilj/article/view/168850/158317>[Retrieved on 4 December 2023].

[16]Section 20 of the Constitution of the Federal Republic of Nigeria 1999 (as amended).

[17]Section 13-24 of the Constitution

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interpretation of FODPSP under the Nigerian Constitution is that Chapter 2 of the Constitution including the right to clean environment is not enforceable in Nigeria.[18]

In *Okogie v Attorney General of Lagos State*,[19] the Supreme Court of Nigeria relying on the strict provisions of section 6(6)(c)of the Constitution held that the provisions of the Chapter 2 of the Constitution were not enforceable on the basis that Directive Principles have to conform to and run subsidiary to the fundamental rights under Chapter IV of the constitution.[20] In other words, Directive Principles are merely aspirations and not binding. The decision in *Okogie v Attorney General of Lagos State* has been criticised as promoting one category of human rights over the other. To this extent, the usefulness of directive principles of state policy in a constitution has been questioned since they are not capable of being enforced.[21] It has been argued that in Nigeria, they are rather being used for perpetuating corruption[22].

The non-justiciability clause in the Constitution is a direct affront on the right of host communities to clean environment in Nigeria. The fact that the duty on the State to protect and improve on the environment is not a binding obligation has been identified as a major drawback in the effective implementation of environmental laws in Nigeria[23]. And this has affected the texture of environmental litigation. Thus, there have been agitations for the courts to braze up and breathe into the existing human rights provisions in the constitution, the right to clean environment using the Indian Judiciary as a yardstick.[24] The Indian Supreme Court in *Minerva Millz Ltd. v The Union of India* [25] blazed the trail by holding that the provisions of human rights and FODPSP in the Indian Constitution constituted "the core of commitment to social revolution." The Court described both categories of rights as twin formula holding, that making one superior to the other would amount to disturbing "the harmony of the constitution".[26]

Historically, the protection of host communities relied on discretionary corporate social responsibility (CSR) practices and opaque Memorandums of Understanding (MoUs) executed between multinational oil corporations and localized community factions. These arrangements frequently lacked legal enforceability, transparency, and broad-based democratic accountability. The PIA 2021 disrupts this paradigm by formalizing community obligations through Section 235, which mandates settlors (upstream and midstream petroleum companies) to incorporate Host Communities Development Trusts.[27] The overarching statutory objective is ostensibly to finance sustainable development projects, rehabilitate degraded ecosystems, and engender peaceful co-existence.

3. Challenges in the Realization of Host Communities' Rights

[18]See also Section 6(6) of the 1999 Constitution (as amended). See also Mmadu, R. A , The Search for Environmental Justice in the Niger Delta and Corporate Accountability for Tort: How Kiobel Added Salt to Injury", Afe Babalola University Journal of Sustainable Development Law and Policy, vol.1, num. 1, 2013, p. 79. See also Ehighelua, I., Environmental Protection (New Pages Law Publ. Co., EFFURUN: 2007),p p 26.

[19]Ibid

[20]See *Morebishe v Lagos State House of Assembly* (2000), 3 WRN 134; *Ukaegbu v Attorney General of Imo State* (1984) 1 SCNLR 212 and *Attorney General of Ondo State v Attorney General of the Federation* (2002) 9 NWLR (Pt. 772) 222.

[21]B. E. Umukoro, 'Revisiting the Non-justiciability issue in Environmental Rights Dialogue in Nigeria', Environmental Law Review, vol. 25,num.2, 2023, p. 113.

[22]E. Odike, H. Faga and I. Nwakpu, 'Incorporation of Fundamental Objectives and Directives Principles of State Policy in the Constitutions of Emerging Democracies: A Beneficial Wrongdoing or a Democratic Demagoguery', Beijing Law Review, vol. 7, num. 4 2016, p. 267-277.

[23]O. T. Akinleye, 'Realization of Rights of Host Communities under Nigerian Mineral and Mining Act 2007 to foster Sustainable Community Development', Nnamdi Azikiwe University Journal of International Law and Jurisprudence, vol.14, num. 1, 2023, p. 12.

[24]L. Atsegbua, 'A Critical Appraisal of Environmental Rights under the Nigerian Constitution', University of Benin Journal of Public Law, vol. 2, num.1 2004, p. 43, and R. Ako, N. Stewart and E. O. Ekhator, 'Overcoming the (Non) justiciable Conundrum: The Doctrine of Harmonious Construction and the Interpretation of the Right to a Healthy Environment in Diver A and Miller J (eds) justiciability of Human Rights Law in Domestic jurisdiction, Springers Int. Publishing, 2016), p.130.

[25] Indian Supreme Court in *Minerva Millz Ltd v The Union of Indian*, 1980 AIR 1789, 208.

[26] Ibid.

[27]Section 235 Petroleum Industry Act (PIA) 2021.

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Notwithstanding the structural innovations introduced by Chapter 3 of the PIA 2021, several deeply entrenched statutory and operational bottlenecks impede the effective realization of host community rights. These shall be discussed accordingly.

One of the challenges facing the realization of Petroleum Host Communities Right, is the inadequacy of the financial allocation paid to Host Communities for their development. Section 240(2) of the Act mandates settlors to contribute 3% of their annual operating expenditure (OPEX) from the preceding financial year into the trust fund.[28] Academic and civil society commentators have repeatedly argued that 3% of OPEX is grossly disproportionate to the multi-decades-long accumulation of toxic waste, widespread oil spills, gas flaring fallout, and profound biodiversity loss suffered by Niger Delta communities. When juxtaposed with capital-intensive upstream commitments or provisions such as the 30% Frontier Exploration Fund established under Section 9(4) for unproven inland basins, the 3% allocation reflects a profound legislative marginalization of core producing areas.[29] Furthermore, because the fund is pegged to operational expenditures rather than net profits or total revenues, fluctuations or corporate accounting manipulations of OPEX can drastically diminish the resources available for environmental remediation and community development.

The structural architecture governing the establishment and administration of the HCDT is heavily tilted in favor of the petroleum companies (settlors). Under the statutory provisions, the settlor retains expansive powers over the drafting of the trust constitution, the identification of host communities, and the initial appointment of members of the Board of Trustees (BoT)[30]. This governance asymmetry creates a system of corporate paternalism rather than true grassroots self-determination. Rather than functioning as independent administrative bodies accountable directly to the community people, trust boards often operate under the shadow or direct influence of corporate interests, leading to elite capture, compromised leadership selections, and widespread distrust among local populations. For instance, women have been underrepresented in these critical decision making roles.[31]

Another major area to look critically into in this work is the infrastructure protection penalty and collective punishment on Petroleum Host Communities. This security penalty and accountability on petroleum host communities is one of the most controversial provisions enshrined in Section 257(2) of the PIA 2021, which stipulates that if an installation or facility located within a host community is damaged, vandalized, or disrupted, the community shall forfeit its entitlement to the extent of the cost of repairs, unless it is proven that the act was not perpetrated by a community member or security failure on the part of the community[32]. Critics and environmental justice advocates view this clause as an unjustifiable form of collective punishment. It places an unrealistic policing burden on unarmed, impoverished civilian populations while ignoring the sophisticated operations of organized criminal syndicates, internal security compromises, and historical grievances. By penalizing the entire community through the withholding of development funds, the statute exacerbates local poverty and compounds ecological vulnerability rather than addressing the root causes of infrastructure sabotage.

Academic journals and legal practitioners have characterized Section 257(2) as a form of "Legislative Vicarious Liability" that can be described as the "Collective Punishment" doctrine. This is a constitutional conflict in the sense that scholars argue that this provision violates Section 36 of the Nigerian Constitution

[28]Section 240(2) Ibid
[29]Section 9(4) Ibid
[30]Section 235(6)& Section 251(4) Ibid
[31]United Nations Environment Programme (UNEP)/ UN Women: Women and Natural Resources: "Unlocking the peace Building Potential " Https://www.unwomen.org/digital-library/publications/ 2013/11/women -and-natural-resources-in-peace-building.
[32]Section 257(2) of the PIA 2021

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(Fair Hearing).[33] By penalizing an entire community for the criminal acts of a few individuals (who may not even be members of the community), the law imposes a form of collective punishment that is traditionally repugnant to Natural Justice Equity and good conscience.[34] This is a Security Policing dilemma which provision effectively turns host communities into unpaid security guards for oil infrastructure. However, as the State holds a monopoly on the use of force, communities lack the legal authority or firepower to confront armed oil thieves, making the forfeiture of their benefits for security breaches logically flawed.[35]

The Federal High Court has begun navigating the choppy waters of these forfeiture provisions. See the case of *Churac v AGF*, in this landmark case, the court was asked to strike down Section 257(2) of the Petroleum Industry Act 2021, as unconstitutional. However, the Court upheld the provision ruling that it falls within the legislative competence of the National Assembly to create a "deterrence framework" to protect national economic assets.[36]

While Chapter 3 of the PIA provides a financial framework for community development, it systematically fails to establish direct, justiciable links between the HCDT funds and binding, enforceable environmental remediation standards. The statute lacks stringent mechanisms to compel immediate cleanup of polluted sites independently of corporate goodwill or prolonged administrative litigation through regulatory bodies like the National Oil Spill Detection and Response Agency (NOSDRA). Consequently, communities are left with limited statutory recourses to enforce clean-up timelines or hold corporate actors strictly liable for chronic, low-dose toxic exposures that undermine the fundamental right to a clean environment.

4. Prospects for Reform and Institutional Enhancement

Despite the severe systemic and statutory challenges outlined above, the framework of the PIA 2021 is not beyond redemption. Several prospective legal and structural reforms can optimize the realization of host communities' rights, among such are, Legislative Upward Review of Financial Contributions: Future amendments to the PIA must focus on scaling up the financial obligations of settlors[37]. Transitioning the calculation baseline from 3% of OPEX to a more equitable percentage of gross revenues or net profits coupled with dedicated ecological restoration levies would ensure that funding matches the monumental reality of Niger Delta environmental remediation[38].

Democratization of Trust Governance: To eliminate corporate paternalism, statutory amendments must strip settlors of unilateral appointment powers concerning the Board of Trustees and Management Committees. True autonomy requires that trust leadership be chosen transparently and democratically by the host communities themselves, ensuring absolute accountability to the grassroots.[39]

Decoupling Facility Vandalism from Development Entitlements: Section 257(2) requires legislative repeal or substantial redrafting. Pipeline security should remain the primary constitutional obligation of state

[33]Section 36 of the Constitution of Nigeria (as amended)
[34]G. K. Koginam, "Access to Justice in the Niger Delta: A Post PIA Analysis", International Journal of Economics, Commerce and Management, vol. XII, Issue 5 (2024). P. 184-198.
[35]O. S Abila & S. E. Abila, 'Evaluating the Impact of Petroleum Industry Act (PIA) on production Sharing Contracts in Nigeria', African Journal of International Energy and Environmental Law (AJIEEL), vol.5. (2024). Pp. 115-129.
[36]*CHURAC v Attorney General of the Federation*, suit No: FHC/WR/CS/24/2022 (Warri Division Judgment, Dec 2025).
[37]D.O.E. Borha, & O.J. Olujobi, 'An examination of the Petroleum Industry Act 2021: Prospects, Challenges and the way forward', (2023) F1000 Research, 12, 551. https://doi.org/10.12688/F1000-research.132539.2 Cited by:37.
[38]Stakeholder Democracy Network. 'Opportunities to improve the Host communities Development Trusts' (HCDTs) under Nigeria's Petroleum Industry Act (Act). Policy Report.
[39]T. Bodo, 'Host Community's Development under the Petroleum Industry Act 2021: A gift or a Punishment?' (2026) A critique -International Journal of Law.

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security apparatuses and corporate asset protection teams, rather than utilizing collective financial strangulation against local populations who are often victims of wider socio-economic anomalies.[40]

Judicial Activism and Public Interest Litigation: In the face of legislative gaps, Nigerian courts must adopt a robust, expansive approach to human rights litigation, utilizing international environmental jurisprudence to interpret constitutional rights expansively. Where domestic judicial mechanisms prove slow, ineffective, or constrained by political realities, transnational litigation before foreign courts offers an effective alternative pathway to justice. Landmark judicial decisions in jurisdictions such as the United Kingdom and the Netherlands have affirmed that multinational oil companies owe a common law duty of care to foreign oil companies host communities impacted by the operations of their subsidiaries[41]. Public interest litigation can bridge statutory omissions by enforcing polluter-pays principles and holding both corporate entities and regulatory bodies strictly accountable for ecological degradation. For instance, the case of *Gbemre v SPDC* gives the sign that the African Charter can ground a valid application for the enforcement of socioeconomic and cultural rights in the Nigerian Courts[42].

The statutory requirement reserving 20% of all trust allocations for long-term investments provides an economic foundation for post resource diversification[43]. If prudently managed under independent financial oversight, these reserve funds ensure that host communities accumulate durable capital of sustaining local economic development long after Petroleum reserves are exhausted. As global energy transition away from fossil fuels, host communities' rights are gaining renewed emphasis within the Environmental, Social, and Governance (ESG) criteria used by global financial markets. Furthermore, statutory requirements compelling Petroleum companies to fund Decommissioning and Abandonment Funds ensure that environmental restoration and site cleanup are legally mandated and financially secured prior to asset surrender[44].

Another prospect of realising host communities' rights is the statutory mandates forcing operators to establish recognised corporate entities such as an incorporated Trustees or Community Development Committees giving communities a formalized legal standing to manage assets and execute local projects[45]. Again, when there is a statutory amendment of Section 242 of the PIA 2021 to transfer the authority to select and appoint Trustees from corporate Settlors to a democratically elected community led selection committee.[46]

Prospects for real governance are improving as legal systems shift from top-down decision making towards community consultation. For instance, modern extraction laws require operators to conduct structured Needs Assessments in direct consultation with local residents before launching operations.[47] This transforms communities from passive recipients of aid into active participants in planning local infrastructure, healthcare and education.

The growing integration of international standards, such as the UN Declaration on the Rights of Indigenous Peoples (UNDRIP)[48] into domestic framework strengthens host communities' legal rights to negotiate terms, demand compensation, and influence environmental management before extraction

[40]A. Umohota, & O. Igwe, 'An appraisal of Petroleum Industry Act 2021, host communities development trust and the burden of Community development' (2023).
[41]See *Vedanta Resources Plc and Amir v Lungowe and Ors* (2019) UKSC 20; *Okpabi& Ors v Royal Dutch Shell PLC & Anor* (2021) UKSC3.
[42]ST. Ebobrah, 'The Future of Economic, Social and Cultural Rights Litigation in Nigeria ' (2007), 1 (2) CALS Review of Nigeria Law and practice 122.
[43]Section 244(b) Petroleum Industry Act 2021
[44]Section 232 and 233 Ibid
[45] Section 242 Ibid
[46]Ibid
[47]Section 251 Ibid
[48]United Nations Declaration on the Rights of Indigenous People (UNDRIP) 2007, General Assembly Resolution 61/295, Article 19.

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begins. Another major legal breakthrough is the willingness of international and foreign domestic courts to hold parent companies accountable for ecological damage caused by their overseas subsidiaries. For example historic decisions in jurisdictions (e.g., UK and European courts) have established that parent multinational corporations owe a duty of care to local host communities affected by pollution. See the case of *Donoghue v Stevenson*, (1932) AC 562 (HL)(UK)(9).

To ensure these prospects translate into actualised rights these strategic conditions must be met which are first, eliminating elite capture by ensuring women, youths and non-traditional leaders sit on Host Communities management committees. Secondly, granting communities access to independent expenditures (OPEX) and prevent underfunding. Also equipping host communities with paralegal training to effectively interpret statutory provisions, draft compliant development plans, and monitor environmental impacts.

Repeal or substantially amend Section 257(2) of the PIA 2021 to ensure that deductions for infrastructure damage are applied only where criminal liability is established through judicial process, rather than via administrative sanction.

Establish clear regulations requiring operating companies to submit their annual OPEX calculations to independent third-party joint auditing bodies comprising regulatory officials, corporate auditors, and accredited community representatives.

5. CONCLUSION

The enactment of the Petroleum Industry Act (PIA) 2021 undoubtedly heralded a watershed moment for Nigeria's oil and gas sector, marking a bold legislative attempt to overhaul a governance framework that had remained obsolete for over five decades. By institutionalizing the Host Communities Development Trusts (HCDTs)[49] and introducing mandatory environmental remediation structures,[50] the Act moved community engagement out of the realm of discretionary corporate social responsibility and into the domain of statutory obligation. However, as this study has demonstrated, the transition from legislative enactment to the actual realization of host communities' rights remains fraught with structural, financial, and governance bottlenecks. The challenges are profound: a rigid and arguably inadequate 3% operating expenditure (OPEX) financial threshold, paternalistic governance architectures that compromise local autonomy, the conflation of security enforcement with developmental entitlements through punitive infrastructure-damage deductions, and lingering ambiguities surrounding ecological remediation enforcement. These statutory gaps threaten to replicate the historical grievances of marginalization and environmental degradation that have long bedeviled the Niger Delta region.

Conversely, the prospects for sustainable peace and equitable development lie in a willingness to embrace pragmatic legal reforms. If the PIA is to achieve its stated objectives of fostering sustainable prosperity and harmonious co-existence, it must be treated as a living document. This requires deliberate legislative amendments-such as upwardly reviewing the HCDT funding baseline, democratizing trustee selection processes to reflect true grassroots representation, and decoupling community development funds from criminal acts of third-party infrastructure vandalism.

Ultimately, the long-term viability of Nigeria's upstream petroleum sector is inextricably linked to human security and environmental justice. True statutory success will not be measured merely by uninterrupted oil production or regulatory modernization, but by the tangible restoration of degraded ecosystems and the genuine empowerment of the petroleum-bearing communities upon whose lands that wealth is built.

[49]Section 235 PIA 2021
[50]Section 103 Ibid

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